

# The Lincoln Leader

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LIFE INSURANCE

## Upcoming Life Product Updates

Our industry is operating in a challenging and changing environment. We continue to face nearly a decade of persistently low interest rates, including recent historical lows late last year, volatile markets, and an evolving regulatory landscape. Lincoln is committed to proactively managing our business in this environment to ensure we are operating responsibly, and continuously positioned to deliver on the long-term promises we make to our customers. At times this requires Lincoln to make fair and responsible adjustments to our products; all of which are guided by our decision-making philosophy of balancing impact across all of our key stakeholders, including policyowners, partners and shareholders.

As we navigate today's environment, we also continue to keep our sights on finding new ways to help our partners grow their business and reach new customers.

As such, we want to inform you of the following important life product updates:

- **Effective January 23, 2017, Lincoln is pleased to announce pricing improvements to *Lincoln LifeElements*® Level Term and *Lincoln TermAccel*®** which will solidify our position as a top 3 carrier in each product's target market with the lowest price in select scenarios.
- **Effective February 13, 2017, consistent with Lincoln's strategy of prudently managing our product portfolio in light of interest rates, we are increasing pricing on new sales of the *Lincoln LifeGuarantee*® Survivorship UL (SUL) product.** These pricing changes help ensure Lincoln sustains a presence in the SUL market by providing valuable solutions appropriately priced for market conditions.
- **Effective with new indexed account segments opened on or after March 15, 2017, Lincoln will be making changes to the caps, participation rates and spreads of the Indexed UL (IUL) product suite.** This is similar to the competitive trend seen across the industry in the past 24 months. This is Lincoln's first IUL cap decrease since February, 2013 and only our second since entering the market a decade ago. Even after these changes, Lincoln's IUL products will offer caps in-line with industry averages, while also offering some of the industry's strongest guarantees such as a guaranteed 1% floor, guaranteed persistency bonus, guaranteed cap reduction protection and guaranteed loan rate charge – which are important to risk-averse clients who are often interested in an IUL solution.

Please refer to the individual article on each of these topics that follows for complete details.

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## Coming Soon! *Lincoln LifeElements*<sup>®</sup> Level Term (2017) – 01/23/17

Effective January 23, 2017, Lincoln is pleased to announce the launch of the *Lincoln LifeElements*<sup>®</sup> Level Term (2017) – 01/23/17 with pricing improvements which will solidify key competitiveness at ages 45 and above with face amounts of \$500,000 and above.

### Highlights

Goals of the reprice include being a “top 3 carrier” in the following core cells with the lowest price in nearly half of the scenarios:

- \$1 million of death benefit at ages 45+ for all term periods
- \$500,000 of death benefit at ages 45+ for 15/20/30 year term periods
- \$500,000 of death benefit at ages 55+ for 10 year term period

The 2017 product generation also complies with the new Principle-Based Reserving (PBR) requirements and the 2017 Commissioner’s Standard Ordinary (CSO) mortality table adopted by the NAIC and approved by the majority of states for use beginning January 1, 2017.

- PBR is a new method for calculating reserves that better captures risks of product features and results in more appropriate right-sizing of reserves.
- The 2017 CSO mortality table is used to set the maximum cost of insurance rates that can be charged within a policy which is also part of the reserving calculation.
- Please note that the contract has been refiled to improve consumer readability including a consolidated table of total premiums. All previously separate amendments and endorsements have also been incorporated into the base policy.

### Transition Guidelines

For states that are approved at rollout, there is a 60-day transition period which begins on January 23, 2017 and ends March 23, 2017. The 2017 product will not be filed at this time in Alaska, Massachusetts, New York and Wyoming since they have not approved the use of PBR/2017 CSO. These states along with any unapproved states will continue to use the current *Lincoln LifeElements*<sup>®</sup> Level Term (2014) product in the interim.

- **New applications received on or after January 23, 2017 and applications currently in underwriting that will be issued on or after January 23, 2017** will automatically receive the new *Lincoln LifeElements*<sup>®</sup> Level Term (2017) – 01/23/17 lower premiums if applicable. A request to use the lower rates will not be required.
  - o If the application had been submitted with premium using the previously higher rates, the difference will be automatically refunded.
  - o **As of March 24, 2017** (60 days after rollout), the new *Lincoln LifeElements*<sup>®</sup> Level Term (2017) – 01/23/17 product will automatically be used for all cases.
- **For policies already issued**, Lincoln will accept a written request to change to the *Lincoln LifeElements*<sup>®</sup> Level Term (2017) – 01/23/17 product.
- **For policies already placed**, Lincoln will not allow rewrites to the *Lincoln LifeElements*<sup>®</sup> Level Term (2017) – 01/23/17 product.
- For **states approved after rollout**, the above will automatically apply based on the **availability date**.

### Illustration Availability

Illustrations for *Lincoln LifeElements*® Level Term (2017) – 01/23/17 will be run on *Lincoln DesignIt*™  
*Illustration System* (v35.0 D). If you have an active internet connection, the software will automatically update to include the new product on January 23, 2017. If you need to download the *Lincoln DesignIt*™ illustration system, it will be available on the Lincoln producer websites or from Field Office Technicians.

### Available Riders

The following riders are available on *Lincoln LifeElements*® Level Term (2017) and have not changed from the versions available on *Lincoln LifeElements*® Level Term (2014):

- Accelerated Death Benefit Rider
- Children's Term Insurance Rider
- Waiver of Premium Rider

## Coming Soon! *Lincoln TermAccel*® – 01/23/17 (Electronic Ticket Submission Required)

Effective January 23, 2017, Lincoln is pleased to announce pricing improvements to *Lincoln TermAccel*® which will solidify key competitiveness at ages 30 -50 with face amounts of \$250,000 - \$500,000.

Our commitment to strong pricing, combined with a fast and easy end-to-end electronic process with **No APS** and the potential for **Lab-Free Underwriting** is why over 450 agencies have already chosen *Lincoln TermAccel*® for their clients. Getting started is simple and our *Onboarding Specialists* are ready to help, because planning for the next generation deserves a next generation product experience.

### Pricing and Process Highlights include:

- **First-place position** in many cells and overall “top 3 carrier” for non-tobacco classes at \$250,000 - \$500,000 of death benefit at ages 30 – 50.
- Electronic quote and ticket drop process is now **iPad Friendly**.
- **Direct ticket drop** beginning in February 2017 – if you have a quote that's been run previously, you can skip that step and go directly to our ticket drop.
- Have questions? **Click here** to reference our comprehensive **TermAccel Frequently Asked Questions** document also available via the Lincoln producer websites under TermAccel/Product Details.

### Transition Rules:

For states that are approved at rollout, there is a 60-day transition period which begins on January 23, 2017 and ends March 23, 2017. *Lincoln TermAccel*® is not available in New York.

- **New applications received on or after January 23, 2017** and **applications currently in underwriting that will be issued on or after January 23, 2017** will automatically receive the new lower premiums if applicable. A request to use the lower rates will not be required.
  - If the application had been submitted with premium using the previously higher rates, the difference will be automatically refunded.
  - **As of March 24, 2017** (60 days after rollout), the new *Lincoln TermAccel*® – 01/23/17 reprice will automatically be used for all cases.

- For policies already issued, Lincoln will accept a written request to change to the *Lincoln TermAccel*<sup>®</sup> – 01/23/17 rates.
- For policies already placed, Lincoln will not allow rewrites to the new *Lincoln TermAccel*<sup>®</sup> – 01/23/17 rates.
- For states approved after rollout, the above will automatically apply based on the availability date.

### Illustration Availability

Illustrations for *Lincoln TermAccel*<sup>®</sup> - 01/23/17 will be run on *Lincoln DesignIt*<sup>SM</sup> Illustration System (v35.0 D). If you have an active internet connection, the software will automatically update to include the new product on January 23, 2017. If you need to download the *Lincoln DesignIt*<sup>SM</sup> illustration system, it will be available on the Lincoln producer websites or from Field Office Technicians.

### Available Riders

The following riders are available on all versions of *Lincoln TermAccel*<sup>®</sup>:

- Accelerated Death Benefit Rider
- Children's Term Insurance Rider
- Waiver of Premium Rider

## Coming Soon! *Lincoln LifeGuarantee*<sup>®</sup> SUL (2013) – 02/13/17

Effective February 13, 2017, there will be premium increases to new sales of *Lincoln LifeGuarantee*<sup>®</sup> SUL (2013) of approximately 10-20% across all ages, underwriting classes, and funding patterns.

### Transition Guidelines

For approved states, there will be a transition period that begins **February 13, 2017** and ends **March 17, 2017**. Any states not available at rollout will have a 30-day transition period from the date they become available.

- Formal applications signed, dated and received in good order in Lincoln's home office on or before March 17, 2017 will receive the prior *Lincoln LifeGuarantee*<sup>®</sup> SUL (2013) pricing.
- Pending and issued business will also receive the prior *Lincoln LifeGuarantee*<sup>®</sup> SUL (2013) pricing.
- For placed business, normal internal replacement guidelines apply. **Rewrites will not be allowed.**

State Availability Charts will be updated on 2/13/17 to reflect the withdrawal date of the old rates.

### Questions and Answers

1. **Question:** What about cases already in underwriting?

**Answer:** If a case has been submitted as an informal application or on a trial basis and Lincoln has not yet received the formal application in-house, fully completed applications must be signed, dated and received in good order (including the 1035 Policy Exchange Agreement/Absolute Assignment form if the case is a 1035 Exchange) in Lincoln's Home Office by the end of the transition period to qualify.

2. **Question:** Are there any circumstances under which the old rates will be available even if all paperwork is not received?

**Answer:** Yes. There is one exception to the rule. Applications that have been signed by the insureds with the owner TBD, received in the Home Office by the end of the transition period but Lincoln is still awaiting a trust to be set up as part of the normal course of business. The applicant will still qualify. The only paperwork that Lincoln will not require at submission is the executed trust documents with the trustee/owner signature which must be received prior to issue.

3. **Question:** Once an application is received in good order in Lincoln's Home Office by the end of the transition period, can any changes be made to the application?

**Answer:** That depends upon the change being requested. Once an application has been received in good order in the Home Office, Lincoln will:

- **Not allow** an increase to the face amount on the application on the same insureds. However, in 1035 Exchange situations where Lincoln received more premium than anticipated from the losing carrier resulting in an increase in death benefit, if the death benefit is within reasonable limits, Lincoln would allow.
  - **Not allow** additional face amounts on a second policy using the same application.
4. **Question:** What is required to meet the transition period requirements for *LincXpress*<sup>SM</sup> Tele-App Cases?

**Answer:** In lieu of a formal signed application, a complete ticket and required solicitation forms must be received in good order in Lincoln's home office within the same transition periods outlined above.

Required solicitation forms include:

- *LincXpress*<sup>®</sup> Tele-App Ticket (LF11252)
- Authorization for Release of Information (HIPAA) (LF02896 or state variations)
- Important Notice: Replacement of Life Insurance or Annuities (LF10087 or state variations) must be signed on or before the earliest signed form in the ticket packet and is needed whether replacing or not replacing.
- Receipt of Privacy Practices Notice and Important Notice Acknowledgment Form (LF10244)
- Agent's Report (LF10971)—Completed and signed by agent only

## Illustrations

Illustrations for *Lincoln LifeGuarantee*<sup>®</sup> SUL (2013) – 02/13/17 will be run on Lincoln *DesignIt*<sup>SM</sup> illustration system (v36). If you have an active internet connection, the software will automatically update to include the new rates on February 13, 2017. If you need to download the Lincoln *DesignIt*<sup>SM</sup> platform, it is available on the Lincoln producer websites or from Field Office Technicians.

## Indexed Account Rate Changes and Illustration Updates

Effective with new indexed account segments opened on or after March 15, 2017, Lincoln will be making changes to the caps, participation rates and spreads of the Indexed UL product suite, including the indexed accounts on *Lincoln AssetEdge*® VUL (2015) and *Lincoln AssetEdge*® Exec VUL (2015). Changes will affect currently and previously sold products in all states including New York. *Lincoln Treasury Indexed* UL will not be impacted.

There are several factors that are taken into account when determining caps, participation rates and spreads, including the level of interest earned on general account assets, as well as the cost of the options backing the accounts we offer. Lincoln monitors all of these factors because they change in both positive and negative directions on an almost continuous basis. However, Lincoln does not make frequent changes to its caps, participations rates and/or spreads to track these frequent movements. While many companies have made multiple changes in recent months, Lincoln has only decreased caps or spreads on its Indexed UL portfolio once since it entered the marketplace nearly a decade ago. The last Indexed UL rate decrease was made in February 2013. Lincoln will continue to set its caps, participation rates and spreads by taking into account the larger underlying economic trends as appropriate.

### Indexed Account Rate Changes

Effective with new segments opened on or after March 15, 2017, highlights of the rate changes are as follows:

#### Currently Sold Indexed Account Portfolio

- 1 YR PTP Capped Account - Cap decreasing 50 bps
- 1 YR PTP High Par Account - Cap decreasing 30 bps; no change to Participation Rate
- 1 YR PTP Uncapped Account - Participation Rate decreasing 2 percentage points

#### Previously Sold Indexed Account Portfolio

- 1 YR PTP Capped Account - Cap decreasing 50 bps
- 1 YR Monthly Capped Account - Cap decreasing 10 bps
- 1 YR Monthly Average Account - Spread increasing 25 bps

The new rates for each product / indexed account will be:

#### ***Currently Sold Indexed Account Portfolio***

Product		Indexed Account / Crediting Method		Existing Rate	New Rate
<b><i>Lincoln WealthAdvantage</i>® Indexed UL</b>	<b>Non-New York</b>	1 YR PTP Capped (Cap)		10.00%	<b>9.50%</b>
		1 YR PTP Uncapped (Participation Rate)		55.00%	<b>53.00%</b>
		1 YR PTP High Participation	Participation Rate	140.00%	<b>140.00%</b>
			Cap	8.50%	<b>8.20%</b>
	<b>New York</b>	1 YR PTP (Cap)		9.50%	<b>9.00%</b>
		1 YR PTP Uncapped (Participation Rate)		52.50%	<b>50.50%</b>
		1 YR PTP High Participation	Participation Rate	140.00%	<b>140.00%</b>
			Cap	8.00%	<b>7.70%</b>

<b><i>Lincoln Life Reserve</i>® Indexed UL Accumulator (2014)</b>	<b>Non-New York</b>	1 YR PTP (Cap)		12.00%	<b>11.50%</b>
		1 YR PTP Uncapped (Participation Rate)		62.50%	<b>60.50%</b>
		1 YR PTP High Participation	Participation Rate	140.00%	<b>140.00%</b>
			Cap	10.00%	<b>9.70%</b>
	<b>New York</b>	1 YR PTP (Cap)		11.50%	<b>11.00%</b>
		1 YR PTP Uncapped (Participation Rate)		60.00%	<b>58.00%</b>
		1 YR PTP High Participation	Participation Rate	140.00%	<b>140.00%</b>
			Cap	9.50%	<b>9.20%</b>

**Currently Sold Indexed Account Portfolio (continued)**

Product		Indexed Account / Crediting Method	Existing Rate	New Rate
<b>Lincoln WealthPreserve® Survivorship IUL</b>	<b>Non-New York</b>	1 YR PTP (Cap)	11.00%	<b>10.50%</b>
		1 YR PTP Uncapped (Participation Rate)	60.00%	<b>58.00%</b>
		1 YR PTP High Participation	Participation Rate Cap	140.00% 9.50%
	<b>New York</b>	1 YR PTP (Cap)	10.75%	<b>10.25%</b>
		1 YR PTP Uncapped (Participation Rate)	59.00%	<b>57.00%</b>
		1 YR PTP High Participation	Participation Rate Cap	140.00% 9.25%

<b>Lincoln AssetEdge® VUL (2015) and Lincoln AssetEdge® Exec VUL (2015)</b>	<b>Non-New York</b>	1 YR PTP (Cap)	10.00%	<b>9.50%</b>
		1 YR PTP Uncapped (Participation Rate)	55.00%	<b>53.00%</b>
		1 YR PTP High Participation	Participation Rate Cap	140.00% 8.50%
	<b>New York</b>	1 YR PTP (Cap)	9.50%	<b>9.00%</b>
		1 YR PTP Uncapped (Participation Rate)	52.50%	<b>50.50%</b>
		1 YR PTP High Participation	Participation Rate Cap	140.00% 8.00%

**Previously Sold Indexed Account Portfolio**

Product		Indexed Account / Crediting Method	Existing Rate	New Rate
<b>Lincoln Life Reserve® Indexed UL Accumulator</b>	<b>Non-New York</b>	1 YR PTP Capped (Cap)	12.00%	<b>11.50%</b>
		1 YR Monthly Cap (Cap)	4.00%	<b>3.90%</b>
		1 YR Monthly Average (Spread)	0.50%	<b>0.75%</b>
	<b>New York</b>	1 YR PTP Capped (Cap)	11.50%	<b>11.00%</b>
		1 YR Monthly Cap (Cap)	3.85%	<b>3.75%</b>
		1 YR Monthly Average (Spread)	0.75%	<b>1.00%</b>

<b>Lincoln Life Reserve® Indexed UL Protector</b>	1 YR PTP Capped (Cap)	11.00%	<b>10.50%</b>
	1 YR Monthly Cap (Cap)	3.70%	<b>3.60%</b>
	1 YR Monthly Average (Spread)	1.00%	<b>1.25%</b>

<b>Lincoln LifeElements® Indexed UL</b>	1 YR PTP Capped (Cap)	11.00%	<b>10.50%</b>
	1 YR Monthly Cap (Cap)	3.70%	<b>3.60%</b>
	1 YR Monthly Average (Spread)	1.00%	<b>1.25%</b>

- Indexed interest is guaranteed to be no less than 1% on all accounts, though policy charges remain in effect and could reduce policy value.
- The Participation Rate for the 1 YR PTP Capped Accounts is guaranteed at 100% and will not change.
- Rates will apply to any funds transferred from the Fixed Account or Holding Account as of the effective date.

### Indexed Account Illustration Updates

Effective with the February 13, 2017 illustration release, maximum illustrated rates for all currently and previously sold indexed UL products will be adjusted to meet the illustration standards required under Actuarial Guideline 49 (AG49). While not specifically required under AG49, for consistency, Lincoln will apply the changes to all states, including New York as well as to the *Lincoln AssetEdge*<sup>®</sup>/Exec VUL (2015) indexed accounts.

Using the AG49 Benchmark Indexed Account lookback methodology to determine the maximum illustrated rate for each product, these requirements include:

- A historical lookback period of S&P 500<sup>®</sup> Index Returns (excluding dividends) dating back 66 years.
- The current declared cap from closest product account translated to the hypothetical Benchmark Indexed Account. Lincoln will use the new 1YR PTP Capped Account - Cap effective with new segments opened on or after March 15, 2017.
- **NEW!** Effective March 1, 2017, the AG49 maximum illustrated rate will now apply for all inforce illustrations regardless of the date the policy was sold. Please note that the additional requirements applicable on new sales illustrations (narrative changes, additional disclosures, limits on interest credited to participating loans) will not apply.

The following chart shows the new maximum illustrated rates under AG49:

#### Currently Sold Indexed Account Portfolio:

Product	New AG49 Maximum Rate	
	Nationwide	New York
<i>Lincoln WealthAdvantage</i> <sup>®</sup> Indexed UL	6.39%	6.24%
<i>Lincoln Life Reserve</i> <sup>®</sup> Indexed UL Accumulator (2014)	7.33%	7.18%
<i>Lincoln WealthPreserve</i> <sup>®</sup> Survivorship IUL	6.90%	6.79%
<i>Lincoln AssetEdge</i> <sup>®</sup> / <i>AssetEdge</i> <sup>®</sup> Exec VUL (2015)	6.39%	6.24%

#### Previously Sold Indexed Account Portfolio:

Product	New AG49 Maximum Rate	
	Nationwide	New York
<i>Lincoln Life Reserve</i> <sup>®</sup> Indexed UL Accumulator	7.33%	7.18%
<i>Lincoln Life Reserve</i> <sup>®</sup> Indexed UL Protector	6.90%	n/a
<i>Lincoln LifeElements</i> <sup>®</sup> Indexed UL	6.90%	n/a

### Illustration Software Updates

If you have an active internet connection, the *Lincoln DesignIt<sup>SM</sup> platform (v.36)* and *Lincoln Inforce Platform (v.20)* will automatically update on February 13, 2017 to reflect the indexed account rate changes and new maximum illustrated rates. If you need to download software, it is available on the Lincoln producer websites or from Field Office Technicians.

### Illustration Transition Rules

Carriers are required to make any applicable AG49 illustration updates within three months following the end of each calendar year.

To coincide with the illustration software update on February 13, 2017, in anticipation of the new indexed account rates effective with new segments opened on or after March 15, 2017, and to comply with the new AG49 maximum illustrated rate requirement for inforce illustrations effective March 1, 2017, **all policies “sold” on or after February 13, 2017 will require an accompanying illustration with the new software version numbers noted above. Therefore, it is imperative to accept the February 13, 2017 illustration software updates. There will be no exceptions to this rule.**

- Lincoln defines the “sold” date as formal applications that are signed, dated and received in Lincoln’s home office in good order on or after February 13, 2017.
- As of February 13, 2017, requests for revised illustrations to accommodate a higher rate of return for any policies “sold” prior to February 13, 2017 will not be allowed.
- To help with the transition, it is recommended that you **immediately begin running illustrations at or below the new maximum illustrated rate** to show the client the impact of a lower illustrated rate should the application not be received in good order prior to February 13, 2017 or if a revised illustration is needed.
- Indexed Account Segments opened on or after March 15, 2017 will be subject to the new indexed account rates, regardless of policy “sold” date.

### Reference Material

The online version of the following reference materials are available by clicking on the name of the document below and can also be accessed through the Life Policies and Procedures section of the Lincoln producer websites.

Document Name	Content
<b>Indexed UL Rates – Current</b>	Provides Indexed UL rates for currently sold products effective with new segments opened on or after March 15, 2017.
<b>Indexed UL Rates – Current and Historical</b>	Provides Indexed UL rates for currently and previously sold products beginning with the product introduction through rates effective for new segments opened on or after March 15, 2017.

### Marketing Material

All impacted marketing materials are being assessed and updated as necessary. All updated materials will be made available on the various Lincoln websites and will be available for order from the Lincoln Literature Fulfillment Center prior to the March 15, 2017 new segment effective date.

## State Approvals

**Now available**

**No updates at this time**

[View State Availability Grids](#)

Products and features subject to state availability. Guarantees are subject to the financial strength of the insurer. Lincoln Financial Group is the marketing name for The Lincoln National Corporation and its affiliates.

Insurance policies are issued by The Lincoln National Life Insurance Company, Fort Wayne, IN. **The Lincoln National Life Insurance Company (Lincoln) does not solicit business in the state of New York, nor is it authorized to do so. Contractual obligations are subject to the claims-paying ability of The Lincoln National Life Insurance Company.**

Insurance policies sold in New York are issued by Lincoln Life & Annuity Company of New York, Syracuse, NY. **The contractual obligations are subject to the claims-paying ability of Lincoln Life & Annuity Company of New York (Lincoln).**

All guarantees and benefits of the insurance policy are subject to the claims-paying ability of the issuing insurance company. They are not backed by the broker-dealer and/or insurance agency selling the policy, or any affiliates of those entities other than the issuing company affiliates, and none makes any representations or guarantees regarding the claims-paying ability of the issuer.

**Variable products are sold by prospectus. For more information about the variable products, including fees and charges, refer to the prospectus. Variable products are distributed by Lincoln Financial Distributors and offered through broker dealers with effective selling agreements.**

Only registered representatives can sell variable products.

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